Final Exam Review Information

The exam will have three parts. The three parts will have roughly equal weight in grading, so please plan to budget your time accordingly. You will have the full three hours of Thursday’s class to complete the exam, but it is designed to be completed in less time than that. The exam will be in closed-book format.

**PART ONE** will focus on the concepts listed below.

- System 1 / System 2
- Expected value
- Mental accounting
- Risk aversion / seeking / neutrality
- Availability
- Misconceptions of chance
- Regression to the mean
- Conjunction fallacy
- Confirmation bias
- Anchoring
- Overprecision
- Overestimation
- Escalation of commitment
- Reservation point
- Implicit attitudes
- Hindsight bias
- Focalism
- Bounded awareness
- Framing
- Endowment effect
- Insensitivity to sample size
- Positive illusions
- Self-serving reasoning
- Sunk cost / opportunity cost
- Change blindness
- Representativeness
- Overplacement
- Indirectly unethical behavior
- Bargaining zone
- Mythical fixed pie of negotiation

For about eight of these concepts (drawn at random), you will be asked to give a brief description and example illustrating the concept. If possible, I prefer examples drawn from a source other than the textbook (i.e., your imagination, experience, knowledge of the world). Your answers should be limited to a few sentences.

In **PART TWO** of the exam, you will be asked to write an essay discussing the significance of a few of the in-class exercises we have done. You may choose which, and how many, of the exercises you wish to discuss; students typically select three or four, but the number is up to you. You should be sure to relate the exercises to some of the concepts, problems, and topics we have studied in the course.

In **PART THREE** of the exam, you will be asked to write an essay discussing how you expect that what you have learned in this course will help you to understand your own decisions (past or future), to improve your decisions, or to understand or improve the decisions of others.